



NCTA

NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION

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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: CS Docket No. 97-80: Status Report of the National Cable & Telecommunications Association

Dear Ms. Dortch:

On April 14, 2003 the Commission released its Order and Further Notice of Proposed Rulemaking in the above-referenced proceeding. That Order followed the December, 2002 submission to the Commission of proposals to implement the “plug and play” Agreement the cable and consumer electronics (“CE”) industries had reached for unidirectional digital cable products (“UDCPs”). In the Order, the Commission requested that the two industries submit periodic status reports on their negotiations on specifications for bi-directional digital cable receivers and products. On behalf of the National Cable & Telecommunications Association (“NCTA”), I am submitting the third status report called for in the Order.

I am pleased to report that unidirectional digital cable ready products are well on their way into the market, as evidenced by their exhibition by a number of manufacturers at the recent Consumer Electronics Show. These products are being built pursuant to either CableLabs’ OpenCable specifications (and its POD-Host Interface License Agreement) or the specifications codified in Commission rules in the Plug and Play Order (and the related Joint Test Suite and DFAST intellectual property license). Regardless of the source of these products, the boost they will give to the digital transition will be incalculable.

I am also pleased to report that, following Commission adoption of the recent “Plug and Play” Order and necessary industry follow-up to that Order, the cable and consumer electronics industry discussions on two-way digital cable ready products are getting fully underway. Moreover, recognizing concerns expressed by other industries and companies, the CE and cable industries – individually and jointly – are reaching out to consult with third parties. They are asking these third parties to discuss what they view as the key components of a two-way digital cable ready framework and how an agreement can be reached as quickly as possible (as the Commission desires) while allowing for input from third parties when their interests are directly affected.

Cable and CE industry collaboration on the roll-out of unidirectional digital cable ready products and the anticipated two-way agreement have received nationwide attention and praise. Just last month, in a New York Times year-end technology review column, the author singled out the cable industry's development of the CableCARD as one of the positive developments of the year. While the author did not have all of his technical facts correct, he still chose:

[t]he cable industry, for working in concert to invent the Cable Card [sic]. It's a little plastic card that stores all the details of your cable service – and, if you can believe it, eliminates the need for a cable box because it can be inserted directly into a TV. (The Cable card will make its debut in mid-2004). But eliminating one set-top box, a separate remote control and a lot of clutter is only Cable Card's warm-up act. The more exciting effect is the innovative hybrid products that will emerge as the Cable Card gains traction. Already Panasonic sells TV sets, and Motorola is readying TiVo-like recorders that have Cable Card slots built right in. New Ideas? Less clutter? That's a nice prospect indeed.¹

In our last status report, NCTA outlined a number of steps that have been taken to date to facilitate production of both one-way and two-way devices. These steps included the release by CableLabs of the DFAST license as envisioned by the December 2002 Agreement. The DFAST license provides manufacturers with intellectual property needed to build “plug and play” devices that will accommodate a separate security module (the CableCARD, formerly known as the “POD security module”).

Since our last report, CableLabs has finalized arrangements with a Public Key Infrastructure (PKI) management company to issue and administer digital certificates that are embedded in Unidirectional Digital Cable Products.² These certificates permit CableCARDS and UDCPs to operate in a secure manner.

While the Commission's Plug and Play Order established deadlines for support of UDCPs by cable operators, in our last report we anticipated that major cable MSOs would support CableCARD-enabled devices even before the dates required by the Plug and Play rules. And, since our last report, MSO technical representatives have coordinated closely among themselves and with their equipment vendors, resulting in four major metropolitan areas having been successfully tested for compliance to support UDCPs. Lessons learned from these initial market launches will help facilitate additional systems being upgraded at an accelerated pace.

As we noted in our last status report, the CableLabs' Go2Broadband service has been updated with the capability to identify cable systems that support UDCPs in order to enhance the

¹ David Pogue, “State of the Art; Taking Their Lumps of Coal,” The New York Times, December 25, 2003, Section G (“Circuits”), p.1.

² The same PKI architecture will also serve two-way products.

retail availability of such devices.³ Similar updates to Go2Broadband can now readily be made for two-way product launches. In addition, the Go2Broadband service also identifies areas where MSOs have deployed high-definition television services.

Many major manufacturers of digital televisions and related products have taken advantage of CableLabs' offer to make its testing facilities available. Under this program, manufacturers have access to state-of-the-art headend equipment, test tools, and personnel to help evaluate and develop their CableCARD-enabled products. Because they operate in a highly competitive manufacturing environment, their names are protected by confidentiality agreement. However, we can report that each month since our first report in July, a significant number of major companies have utilized CableLabs' facilities for product development:

August 2003:	3 manufacturers
September 2003:	5 manufacturers
October 2003:	7 manufacturers
November 2003:	9 manufacturers
December 2003:	9 manufacturers

To date, two large manufacturers, with a total of seven models of digital television sets have been certified as OpenCable compliant by CableLabs on their initial submission. These testing and certification efforts have already resulted in the availability through a leading consumer electronics store of approximately 5,000 new OpenCable DTV receivers. At this year's Consumer Electronics Show companies such as Panasonic, Pioneer and Samsung exhibited ready-to-market CableCARD-enabled unidirectional DTV products. The existence of these products demonstrates the commitment of both the cable and consumer electronics industries to speed deployment of new digital cable ready products.

Indeed, at CES, Panasonic also demonstrated a *two-way interactive digital television set* using the OpenCable Application Platform or "OCAP." On that occasion, Paul Liao, President of Panasonic Technologies Company, said: "We're on a fast track to develop OCAP compliant systems, which will allow us to produce TVs that will support all of cable's interactive services without the use of a set-top box.... Consumers will be able to buy digital cable-ready TVs – and with the use of a CableCARD, they will be able to receive digital services no matter which cable system in the country they subscribe to."⁴

On November 14, 2003, CableLabs distributed its 2004 test schedule and a Request for Information seeking responses from individual manufacturers on their proposed participation in testing of products that are built to conform to the requirements of the OpenCable Project as well

³ Go2Broadband is the Internet-based electronic commerce tool that assists affiliated computer makers, retail partners, and content providers in identifying what cable services are available at an address and linking affiliates directly with the cable operator.

⁴ Panasonic Press Release, "*Panasonic Demonstrates World's First Interactive, OCAP-Based Cable System*," January 8, 2004.

as of UDCPs as defined in the Commission's Plug and Play Order. To advance product development in general, manufacturers can also participate in "practice run" testing and scheduled lab time at CableLabs. The schedule for 2004 includes five individual testing events (called "Test Waves"). The first test wave begins on February 9, 2004.⁵ In the February test wave, a number of manufacturers will be submitting products under either OpenCable requirements for CableLabs Certification or under the Plug and Play rules and related Joint Test Suite for Verification. In addition, some manufacturers will be submitting products for a Practice Run under the Plug and Play rules and the Joint Test Suite.

In response to the Commission's expressed concern that consumers be well informed about these new digital products, NCTA has worked with cable operator representatives and CableLabs to complete a set of common consumer education materials that may be used to inform cable customers of the capabilities of UDCPs and provide consistent answers to anticipated questions consumers may have when calling their local cable operator help-desk for support. A cable operator whitepaper has also been completed which will address operational and customer care support issues which may arise in the context of the deployment of CableCARD-enabled products in the field. Additionally, the cable industry has partnered with the CE industry to develop a common logo that will facilitate consumer awareness of "Digital Cable Ready" ("DCR") and "Interactive Digital Cable Ready" ("iDCR") devices.

As noted in our last report, following the submission of proposed rules to the Commission last December, the cable and CE industries met to discuss how to address issues surrounding the development of "two-way" or "interactive" (with the cable headend) digital cable ready products, that provide access to cable operators' Interactive Program Guides, VOD and interactive services. At the same time the parties needed to complete discussions pertaining to the implementation of the "one-way" agreement. Because the unidirectional cable-CE Agreement and the Commission's rules provide a necessary foundation for an agreement that will facilitate the manufacturing of digital cable products that will function with two-way cable systems, it was important to have those rules finalized before the parties could make significant progress on the two-way discussions.

With the Plug and Play Order now adopted, and testing of UDCPs imminent, the cable industry and consumer electronics industries are now prepared to engage fully in discussions to reach agreement on two-way digital cable ready devices. Yet even before fully resuming the two-way discussions between the cable and CE industries, and in response to Commission concerns about obtaining third-party input, cable representatives conducted discussions with a number of third-party interests, including representatives of the information technology and program content communities, regarding issues concerning UDCPs.

Both cable and CE representatives believe the input of third parties from here on is important to this process and will address concerns expressed to us (and to the Commission) by

⁵ For 2004, testing will begin in February because CableLabs moved its test facilities to a new location in December 2003 and January 2004.

third parties who were not participants in the one-way discussions. In obtaining such input, cable and CE representatives will be seeking to achieve a delicate balance, recognizing the objectives and expectations of other parties, while fulfilling the Commission's expectations that our work proceed with focus and expedition. To this end, cable and CE representatives have invited third parties to address a number of threshold issues, particularly, what are their interests and goals in being involved in the two-way discussions; what do they view as the key framework issues in developing two-way digital cable ready products; and how can an agreement be reached as quickly as possible while allowing for input from third parties when their interests are directly affected.

* * *

In conclusion, as is evidenced in this Status Report and, more importantly, by developments in the marketplace, the cable industry remains committed to working with the consumer electronics industry and the Commission to implement the unidirectional "Plug and Play" Agreement and to expeditiously reach agreement to spur deployment of "two-way" digital cable ready products.

Respectfully submitted,

/s/ Neal M. Goldberg

Neal M. Goldberg

cc: Susan Mort, Esq., Media Bureau